

11-403 FOSTER FAMILY AGENCY RATES**11-403****(a) Rate Determination Process**

- (1) The Department shall set rates for each foster family agency utilized by counties which place AFDC-FC children.
 - (A) The rate for a foster family agency program which provides treatment services for children who have treatment needs shall be set in accordance with Sections 11-403(a)(2) and 11-403(b)-(k).
 1. As used in (A) above, "treatment needs" means that the placement agency, as defined in Section 11-400p.(3), has determined that the child has services needs which:
 - (i) Cannot be provided in an available family home;

HANDBOOK BEGINS HERE

(See family home definition specified in Section 11-400f.(3).)

HANDBOOK ENDS HERE

- (ii) Would require group home placement if the child was not referred to a foster family agency; and
 - (iii) Can be met by the program offered by the foster family agency to which the child is being referred.
 2. The payment to foster parents of a foster family agency shall be at least as great as the Department's schedule of foster family agency basic rates plus the amount added by the Department in recognition of the specialized nature of the children placed in such homes.
- (B) The rate for a foster family agency program which does not provide treatment services shall be the foster family agency basic rates as specified in Section 11-403(d)(1)(A)(i).
 1. A specialized care rate as defined in Section 11-400s.(7) may be paid for a child placed in certified family home of a foster family agency as described in (B) above when the following conditions are met:
 - (i) the placing agency has determined that the child has care needs greater than those of a normal foster child; and

11-403 FOSTER FAMILY AGENCY RATES (Continued)**11-403**

- (ii) the placing county has a specialized care system as specified in Section 11-401.3.

(See Section 11-401.4 for out of county placement requirements for specialized care.)

- (2) One rate shall be set for each program for which a rate request is received from a given foster family agency.
 - (A) Each foster family agency shall identify and describe each of the programs it offers.
 - (B) The Department shall have the authority to verify the legitimacy and accuracy of the descriptions of each program offered.
 - (C) Where a foster family agency submits a rate request for more than one program and the Department determines that no significant difference exists between the programs, a separate rate or set of age-based rates shall not be set.

(b) Rate Ceilings

HANDBOOK BEGINS HERE

- (1) Welfare and Institutions Code Section 11463 provides that no county shall be reimbursed for any percentage increases in payments, made on behalf of AFDC-FC funded children who are placed with foster family agencies, which exceed the percentage cost-of-living increase provided in any fiscal year beginning on or after January 1, 1990, as specified in subdivision (c) of Section 11461.

HANDBOOK ENDS HERE

(c) Allowable Costs

- (1) In order to be claimed for AFDC-FC reimbursement, all costs shall be both allowable and reasonable as defined in federal statutes and regulations including 45 CFR Part 74 and 45 CFR 1356.
 - (A) Allowable costs shall include:
 - 1. Payment to the foster parents for those items specified in Sections 11-401.11 and .12.

11-403	FOSTER FAMILY AGENCY RATES (Continued)	11-403
---------------	---	---------------

2. Reasonable social work activities provided by the foster family agency as defined in Section 11-400s.(4).
3. The reasonable cost of activities of recruiting and training certified family home foster parents and administration of the provision of items or services described in 1. and 2. above.

(d) Rate Calculation

(1) The rate shall consist of the sum of the following amounts per month per child:

- (A) The foster family agency basic rate as specified in Section 11-403(d)(1)(A)1., plus an increment of \$190;

1. The following FFA Basic Rates are effective July 1, 1999.

Age	0-4	5-8	9-11	12-14	15-19
FFA Basic Rate	375	407	434	482	525

- (B) The lesser of the actual allowable amount for social work services for the immediately preceding calendar year of \$271;
- (C) An amount equal to two-thirds of the sum of (A) and (B) above for recruitment, training, and administration. Effective January 1, 2000, two-thirds shall equal .667.

11-403	FOSTER FAMILY AGENCY RATES (Continued)	11-403
---------------	---	---------------

HANDBOOK BEGINS HERE

- (D) EXAMPLE: The total rate for a 12-year-old child for FY 99-00 would be computed as follows:

Basic rate	\$482
Increment for child	190
Social work services	271
	\$943

Take two-thirds (.666) times the subtotal:

$$.666 \times 943 = 628$$

The recruitment, training, and administration amount would be \$628; the total rate would be \$1,571 (\$943 + \$628).

HANDBOOK ENDS HERE

(e) Rate Adjustments for Existing Foster Family Agency Rates

- (1) When, based on rate calculation provisions specified in Section 11-403(d), the newly calculated rate is lower than the existing rate, no increase in state participation in the existing rate shall occur until any cost-of-living increases provided in accordance with Welfare and Institutions Code Section 11463 eliminate the difference between the existing rate and the newly calculated rate.
- (2) When, based on rate calculation provisions specified in Section 11-403(d), the newly calculated rate is higher than the existing rate, any cost-of-living increases provided in accordance with Welfare and Institutions Code Section 11463 shall be applied until the difference between the existing rate and the newly calculated rate is eliminated.

(f) Rate Request Process

(1) Rate Request Submission

- (A) Each foster family agency shall submit to the Department a complete rate request for each program being provided in order to receive a rate for that program.

11-403 FOSTER FAMILY AGENCY RATES (Continued)

11-403

- (B) Effective April 1, 2000, a rate request shall be considered complete when all required forms, program statement, financial audit report as described in Section 11-405.2, and other supporting documentation have been completed and submitted to the Department. The following exception to the financial audit report requirement shall apply:
1. Beginning July 1, 2000, any new provider that has been incorporated fewer than 12 months at the time it submits its rate application shall be exempt from being required to submit a financial audit report.
 2. If all the required forms necessary to the actual setting of rates have been submitted, but additional documentation is needed, the rate request shall be considered complete if the foster family agency submits the remaining documentation within 30 days after notification by the Department.
 3. Providers that do not have adequate financial records to obtain an audit in time for fiscal year 2000-01 rate applications may be granted additional time, as provided in Section 11-403(f), to submit the required audit report, provided that:
 - (i) A request is submitted to the Department no later than February 1, 2000.
 - (ii) The request includes a statement from a CPA or a state-licensed public accountant who meets the requirements of Sections 11-405.211 and 11-405.212 which clearly identifies the condition of the records or accounting system that precludes an audit from being completed.
 - (iii) The CPA or a state-licensed public accountant states that the audit and audit report will be completed within the time frames provided in Section 11-403(f).
 - (iv) The CPA or a state-licensed public accountant states that a timely audit report could not be completed even with a disclaimer or a qualified opinion.
 4. When the Department determines there has been good cause for a late or incomplete filing of an application due to inadequate financial records for purposes of implementing the provisions of Section 11-403(f)(1)(B)3., the Department shall notify the provider that the provider has a period not to exceed 60 days from the application due date to file a complete application.
 - (i) For complete applications submitted in accordance with Subsection 4. the effective date of the rate shall be July 1.

11-403	FOSTER FAMILY AGENCY RATES (Continued)	11-403
---------------	---	---------------

- (ii) Applications which are incomplete or are not submitted within the 60-day period specified in Section 11-403(f)(1)(B)4. shall be subject to the penalties in Section 11-403.(f)(2)(B).

- (C) For Fiscal Year 1985/86, a complete rate request shall be due August 1, 1985.
1. A late rate request shall not be accepted from an existing foster family agency after November 1, 1985.
 2. Foster family agencies which do not submit a rate request by November 1, 1985 shall not have a rate set for the new fiscal year and shall not receive AFDC-FC funds after February 1, 1986.
- (D) For fiscal years subsequent to 1985/86, a complete rate request is due April 1.
1. A late rate request shall not be accepted from an existing foster family agency after July 1.
 2. Foster family agencies which do not submit a rate request by July 1 shall not have a rate set for the new fiscal year and shall not receive AFDC-FC funds after September 1.

HANDBOOK BEGINS HERE

- (E) Penalties for submission of late rate requests are specified in Section 11-403(f)(2)(B).

HANDBOOK ENDS HERE

- (F) Exceptions to these due dates shall be as specified in Section 11-403(g).

11-403 FOSTER FAMILY AGENCY RATES (Continued)

11-403

(2) Effective Date of Rates

- (A) July 1 shall be the effective date for the rates when the rate request is submitted on time or late with good cause.
- (B) Effective dates of rates for foster family agencies which submit a late rate request without good cause shall be established as follows:
 - 1. If the rate request is submitted from one day to one month late, the effective date will be August 1.
 - 2. If the rate request is submitted from one month and one day to two months late, the effective date will be September 1.
 - 3. If the rate request is submitted from two months and one day to three months late, the effective date will be October 1.
 - 4. Where the new rate is lower than the old rate, the lower rate shall be set retroactively to July 1 and adjusted pursuant to Section 11-403 on overpayments.
- (C) Exceptions to the effective dates of rates shall be as specified in Section 11-403(g).

(g) Deviations from the Rate Setting Process

(1) New Foster Family Agency Providers

- (A) A new foster family agency provider shall be one who:
 - 1. Has not operated a foster family agency or group home program for AFDC-FC funded children in the fiscal year preceding that for which the rate is being set; or
 - 2. Has operated a foster family agency in the fiscal year preceding that for which the rate is being set but did not accept AFDC-FC funded children during that fiscal year; and
 - 3. Has not merely added a new program; increased the level of services provided; changed incorporation; reorganized; or changed name, location, ownership, or license.

This page is intentionally left blank.

11-403	FOSTER FAMILY AGENCY RATES (Continued)	11-403
---------------	---	---------------

- (B) The initial rate for new foster family agency providers shall consist of the sum of the following amounts per month per child:
1. The basic foster family agency basic rate as specified in Section 11-403(d)(1)(A)1., plus an increment of \$190;
 2. An amount equal to the average for actual costs incurred for social work services as determined by the Department for foster family agencies which received AFDC-FC funds for the previous fiscal year.
 3. An amount equal to two-thirds of the sum of 1. and 2. above for recruitment, training and administration.
- (C) In order to establish a permanent rate, new foster family agency providers shall submit to the Department a complete rate request based on actual costs for social work services for one of the following cost periods:
1. If the date of the new foster family agency provider's first AFDC-FC eligible placement occurs between January 1 and June 30, the cost period shall be from the date of the first placement to December 31 of the same year.
 - (i) The rate request shall be due the following March 1 and the permanent rate shall be effective the following July 1.
 2. If the date of the new foster family agency provider's first AFDC-FC eligible placement occurs between July and December, the cost period shall be from the date of the first placement to December 31 of the following year.
 - (i) The rate request shall be due March 1 of the second calendar year after the initial placement and the permanent rate shall be effective July 1 of the second calendar year.
 - (ii) Beginning Fiscal Year 1986/87, the provider shall be entitled to any cost-of-living increase provided in accordance with Welfare and Institutions Code Section 11463 between the date of the first placement and the date the permanent rate is set.

11-403	FOSTER FAMILY AGENCY RATES (Continued)	11-403
---------------	---	---------------

HANDBOOK BEGINS HERE

3. Example:

Date of Initial Placement	Cost Period Ends	Rate Request Due	Permanent Rate Effective
1/1 - 6/30/86	12/31/86	3/1/87	7/1/87
7/1 - 12/30/86	12/31/87	3/1/88	7/1/88

HANDBOOK ENDS HERE

(D) With an application submitted on or after July 1, 2000, for foster family agency providers which provide treatment services, a complete rate request shall include a copy of the agency's financial audit report as described in Section 11-405.21. The following exception to the financial audit report requirement shall apply:

1. Beginning July 1, 2000, any foster family agency provider that has been incorporated fewer than 12 months at the time it submits its application shall be exempt from submitting a financial audit report.

(2) New Foster Family Agency Programs

(A) A new foster family agency program shall be one which:

1. Serves an entirely different population at an entirely different level of service than that currently served by the foster family agency's existing program(s); and
2. Is either based in different certified family home(s) than the current program(s) operated by the foster family agency, or the current program(s) operated by the foster family agency is replaced by an entirely new program.

(B) Initial rates for new programs shall be set in accordance with Section 11-403(g)(1)(B) and (C).

(C) Foster family agencies requesting a new program rate shall obtain and submit to the Department verification from the host county that:

1. The provisions of Section 11-403(g)(2)(A) are met; and
2. The need for the new program(s) is justified.

11-403 FOSTER FAMILY AGENCY RATES (Continued)**11-403**

(D) With an application submitted on or after July 1, 2000, foster family agencies which provide treatment services shall submit to the Department a copy of the agency's most recent financial audit report as described in Section 11-405.2 when requesting a new program rate. The following exception to the financial audit report requirement shall apply:

1. Beginning July 1, 2000, any new provider that has been incorporated fewer than 12 months at the time it submits its rate application shall be exempt from being required to submit a financial audit report.

(3) Program Expansions

(A) All other changes which do not meet the requirements of 11-403(g)(1)(A) and 11-403(g)(2)(A) above shall be designated program expansions.

1. Costs associated with these changes shall be incorporated into the rate request for the following year's rate-setting process.

(h) Administrative Review Procedure

- (1) The administrative review procedure for foster family agencies shall be as specified in Section 11-430.

(i) State Audit Requirements

- (1) Audit requirements for foster family agencies shall be as specified in Section 11-405.1.

(j) Overpayments

- (1) Overpayment policies for foster family agencies shall be as specified in Section 11-402.8.

(k) Accounting Principles

- (1) Accounting principles for foster family agencies shall be as specified in Section 11-402.31.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 11468, 11463, 11466.21, and 11468.2, Welfare and Institutions Code.

11-405	FISCAL AND FINANCIAL AUDITS	11-405
---------------	------------------------------------	---------------

.1 Fiscal Audits

- .11** Group home fiscal audits shall be performed by the Department, its agents, or by an audit agency of the federal government.
 - .111** The scope of the audits shall include, but not be limited to, compliance with all applicable federal and state laws, regulations, and instructions based on those laws and regulations in effect during the audit period.
 - .112** A group home program shall maintain, at a minimum, the following documentation to support AFDC-FC program expenditures for a period of not less than five years:
 - (a) Copies of all contracts and leases, time sheets/time studies, cancelled checks, payroll register/salary schedule, payroll taxes, DE 3DP Quarterly Contributions Return, IRS Form #1099-Miscellaneous Income, and cash receipts.
 - (b) Children's case files, and daily logs and notes of staff performing social work and mental health activities which verify that activities/services were provided to children in placement.

HANDBOOK BEGINS HERE

- .113** Beginning January 1, 1994, unless otherwise specified in law, a fiscal audit will follow the field audit standards contained in the "Field Work Standards for Financial Audits" section of "Government Auditing Standards" (Rev. 1988) by the Comptroller General of the United States, United States General Accounting Office.

HANDBOOK ENDS HERE

- .114** Noncompliance with the "Field Work Standards for Financial Audits" section of "Government Auditing Standards" (Rev. 1988) by the Comptroller General of the United States, United States General Accounting Office, shall not preclude or bar the Department from sustaining or collecting actual overpayments, or otherwise invalidate an audit report.
- .12** Group home programs shall maintain all cost data related to the following categories for a period of not less than five years.
 - .121** CCS.
 - .122** Social Work Activities.
 - .123** Food.

11-405	FISCAL AND FINANCIAL AUDITS (Continued)	11-405
--------	---	--------

- .124 Shelter.
- .125 Buildings and equipment.
- .126 Utilities.
- .127 Vehicles and travel.
- .128 Child related.
- .129 Administration.
- .13 Group Home Payroll and Fringe Benefit Report consists of the following:
 - .131 Payroll.
 - .132 FICA.
 - .133 Unemployment coverage.
 - .134 Medical insurance expense.
 - .135 Retirement.
 - .136 Other costs.
 - .137 Contractor costs.
- .14 A provider shall be responsible for making available all requested records and documents as referenced in Sections 11-405.12 and .13 during fiscal audits.
 - .141 A provider's refusal to cooperate with the Department by not providing the requested records, documents, or allowing immediate access to the requested documents, records or facilities shall result in rate termination as specified in Sections 11-402.524, 11-402.525, and 11-402.526.
- .2 Financial Audits
 - .21 Audit Report Requirements

To be accepted by the Department for ratesetting purposes, a financial audit report shall meet the following requirements:

 - .211 The audit shall be conducted by a certified public accountant or a state-licensed public accountant.

11-405 FISCAL AND FINANCIAL AUDITS (Continued)

11-405

- .212 The accountant conducting the audit shall not have a direct or indirect relationship with the corporation which affects or could affect the accountant's independence, objectivity, or integrity, as defined in Rules 101 and 102 of the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct and the interpretations and ethics rulings under these rules.
- .213 The audit shall be conducted according to generally accepted auditing standards applicable to entities organized and operated on a nonprofit basis.
- (a) Audits shall be conducted according to the Government Auditing Standards of the Comptroller General of the United States for financial statement audits.
- (b) In meeting the requirements of Subsection (a) above, corporations may have audits conducted according to the standards established by the federal Office of Management and Budget (OMB) Circular A-133, either voluntarily or to meet the requirements of other government agencies.
- .214 The audit shall include all of the programs and activities of the corporation which operates a group home and/or a foster family agency which provides treatment services and shall not be limited to those programs and activities funded in whole or in part by AFDC-FC funds.
- .215 The audit shall be conducted annually and shall cover the corporation's most recent fiscal year, as defined by the corporation, with the following exceptions:
- (a) If the corporation's fiscal year ends less than six months before the audit report is due and the corporation has not previously submitted the audit report for the previous fiscal year to obtain a group home or foster family agency rate, the corporation may submit the audit report for the previous fiscal year.
- (b) If the corporation changes its fiscal year as permitted by the Internal Revenue Service, the audit conducted following the change shall cover all of the months since the last audit, even though this may include more than 12 months. If the audit period is greater than 12 months, the most recent 12 months of the audit period shall be presented separately in the audit report.
- .216 Financial information shall be reported in a format consistent with generally accepted accounting principles as established by the Financial Accounting Standards Board, with generally accepted government auditing standards, and, if applicable, with federal OMB Circular A-133.

11-405	FISCAL AND FINANCIAL AUDITS (Continued)	11-405
---------------	--	---------------

- .217 A provider who submits an audit report which does not meet the Department's requirements set out in MPP Sections 11-405.211 through 11-405.216 will be granted 30 days to correct any deficiencies unless the Department determines that circumstances beyond the control of the provider exist to grant a longer period.
- .218 A provider who does not submit an acceptable audit report by the end of the period specified in Section .217 above shall be subject to rate termination under Section 11-402.393.

.22 Financial Audit Cost Reimbursement

Corporations which operate foster family agencies providing treatment services and group home programs with a total licensed capacity of 12 or less may be eligible for reimbursement of the costs of annual financial audits on a sliding scale basis, as shown in Sections 11-405.223(a) and (b) below.

- .221 Corporations which operate eligible programs may apply for financial assistance related to the costs of the annual financial audit by forwarding to the Department the financial audit report, the invoice for the cost of procuring the audit, documentary evidence that the invoice was paid, and any other relevant documents needed to validate the claim for reimbursement.
- .222 The Department shall review and determine that the financial audit report meets the requirements set forth in Sections 11-405.21 prior to approval of reimbursement.

.223 Schedules for Audit Cost Reimbursement

- (a) For corporations which operate a group home program or programs with a combined licensed capacity of 12 beds or less, the amount of reimbursement shall be based on the program with the lowest licensed capacity as shown below:

Single GH Programs		Amount
Capacity/RCL		Reimbursed
Level I	1-6 beds	\$2,500 or 50% of actual cost (whichever is less)
	RCL 1-14	
	7-12 beds	Same as above
	RCL 1-10	
Level II	7-12 beds	\$1,500 or 50% of actual cost (whichever is less)
	RCL 11-14	

11-405	FISCAL AND FINANCIAL AUDITS (Continued)	11-405
---------------	--	---------------

- (b) For corporations which operate a foster family agency providing treatment services or programs in addition to a group home program or programs with a combined licensed capacity of 12 beds or less, the amount of reimbursement shall be based on gross annual revenues from all sources, as follows:

	FFAs and Multi-Program Corporations Gross Annual Revenues		Amount Reimbursed
Level I	Minimum	\$ 0	\$2,500 or 50% of actual cost (whichever is less)
	Maximum	\$450,288	
Level II	Minimum	\$450,289	\$1,500 or 50% of actual cost (whichever is less)
	Maximum	\$585,216	
Level III	Minimum	\$585,217	\$750 or 50% of actual cost (whichever is less)
	Maximum	\$765,216	
Level IV	Minimum	\$765,217	None
	Maximum	None	

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 11466.21 and 11466.22, Welfare and Institutions Code.

11-410	TRANSITIONAL HOUSING PLACEMENT PROGRAM RATES	11-410
---------------	---	---------------

- .1 Participating counties shall establish a rate for transitional housing placement programs and the rates shall not exceed the aggregate placement costs for these children if they had not participated in the transitional housing placement programs in accordance with Welfare and Institutions Code Section 11460.1(a).

HANDBOOK BEGINS HERE

Welfare and Institutions Code Section 11460.1(a) states the following:

"The Department shall develop a ratesetting system for licensed community care facilities participating in transitional housing placement programs, as defined by Section 16522, and as described by Section 1559.110 of the Health and Safety Code. The rates shall not exceed the aggregate placement costs for these children if they had not participated in the transitional housing placement program."

HANDBOOK ENDS HERE

NOTE: Authority cited: Sections 10553, 10554 and 11460.1, Welfare and Institutions Code; and Health and Safety Code Section 1559.125. Reference: Section 16522.3, Welfare and Institutions Code; and Health and Safety Code Section 1559.110.

11-415	INFANT SUPPLEMENT	11-415
---------------	--------------------------	---------------

- .1 The infant supplement paid shall be a uniform amount to cover the cost of care and supervision of a child in addition to the rate that would otherwise be paid for the minor parent's placement.
- .11 The amount paid for a child living with a minor parent in a group home placement who receives AFDC-FC shall be \$768 per month per child.
- .12 The amount paid for a child living with a minor parent in an eligible facility other than a group home who receives AFDC-FC shall be \$354 per month per child.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 11465 and 11468, Welfare and Institutions Code.

This page is intentionally left blank.

11-420	SPECIAL NEED PAYMENTS	11-420
---------------	------------------------------	---------------

.1 Clothing Allowances

- .11 Counties shall have the authority to make provision for the cost of additional clothing, including an initial supply of clothing and school or other uniform when not included in the rate.
- .12 State participation in increases for clothing allowances established by the county shall not exceed the percentage cost-of-living increase granted other AFDC recipients in accordance with Welfare and Institutions Code Section 11453.

.2 Allowance for Funeral Expenses

- .21 When a foster parent(s) desires a funeral other than as provided by the county, the county shall reimburse the foster parent(s) for the cost of the funeral expenses up to \$5,000 for a child receiving foster care at the time of his/her death to the extent not otherwise reimbursed for costs incurred for such purposes.
 - .211 Direct payment of the claim to the funeral home and burial plot provides shall be made under the following circumstances:
 - (a) upon request by the foster parent(s); or
 - (b) when death of the foster child is due to the foster parent's alleged criminal negligence or other alleged criminal action.
 - .212 The county shall submit claims to the Department for costs incurred and paid within the above limitations.

.3 Exclusions

- .31 No amount shall be allowed as special need for the following:
 - .311 Items other than those specified in Sections .1 and .2 above.
 - .312 Any special need item available to the child prospective caretaker without cost.
 - .313 Service-connected expenses (see Section 10-305).

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 11212 and 11468, Welfare and Institutions Code.

11-425	RESPONSIBILITIES OF COUNTY WELFARE DEPARTMENTS	11-425
---------------	---	---------------

- .1 The county welfare and probation departments' responsibilities shall include, but not be limited to, the following:
- .11 Paying the rate(s) determined by the Department on behalf of AFDC-FC eligible children placed with foster parents and providers. (See Sections 11-401, 11-402 and 11-403.)
 - .12 Recommending the establishment of a new program by a new or existing provider, or a program change which is either more than one RCL greater than the original RCL determination or a program change to RCL 13 or 14. (See Sections 11-402.41, .42, and .43). The recommendation is to include:
 - .121 Program is needed in that county.
 - .122 Provider is capable of effectively and efficiently operating the program.
 - .123 Provider is willing and able to accept AFDC-FC children for placement who are determined by the placing agency to need the level of care and services that will be provided by the program.
 - .13 Confirming the existence and legitimacy of more than one program as appropriate. (See Section 11-402.1.)
 - .14 Reviewing children placed by the placement agency in the program which is determined to have points at RCL 13 or 14 and verifying to the Department that all the children have special treatment needs. (See Section 11-402.18)
 - .15 Upon request by the Department, counties shall report the county's understanding of the services offered by the program and the population served.
 - .16 Cooperating with other placement agencies to form a regional consortium to review group home program requests for county recommendation.
 - .17 Participating, if requested by the Department, in the rate review process. (See Section 11-402.56.)
 - .18 Submitting to the Department rate payment information for each fiscal year beginning with fiscal year 1983/84, for family homes, homefinding agencies, and group homes.
 - .19 Providing the Department with reasonable and applicable information and statistics as required.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code and Chapter 1294, Statutes of 1989, Section 23. Reference: Sections 11462(g)(2), 11462(i)(2), and 11462.01(b), Welfare and Institutions Code.

11-430 AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES**11-430**

- .1 Administrative Review of Departmental Audits for Group Home Programs and Foster Family Agencies.
 - .11 Exit Conference and Audit Report
 - .111 Prior to the issuance of an audit report by the Department, a group home provider/foster family agency shall be afforded the opportunity to participate in an exit conference. The purpose of the exit conference is to:
 - (a) Inform the group home provider/foster family agency of the preliminary audit findings and to review any specific situations in which the records reviewed by the Department were not found to substantiate the RCL level or rate paid to the group home provider/foster family agency.
 - (b) Allow the group home provider/foster family agency an opportunity to identify and present any specific records relevant to the audit findings but not reviewed by the Department.
 - .112 At the conclusion of the exit conference, the Department shall provide the group home provider/foster family agency with a copy of the preliminary draft audit findings. The Department shall notify the group home provider/foster family agency that the Department will issue an audit report within 45 days after the exit conference and shall inform the group home provider/foster family agency of the administrative review procedure relative to audit findings. Within 15 calendar days of the exit conference, the group home provider/foster family agency shall submit to the Department any records which were identified by the group home provider/foster family agency at the exit conference as relevant to the audit findings but were not available for review by the Department at that time.
 - .113 An audit report issued by the Department shall include the following:
 - (a) A complete listing of audit findings, including all items to which an exception has been taken, the RCL point or other value of each audit finding, and the authority cited for each audit finding.
 - (b) Notice of the group home provider/foster family agency's right to an administrative review of certain audit findings contained in the audit report.

11-430	AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES	11-430
---------------	--	---------------

HANDBOOK BEGINS HERE

- .114 Beginning January 1, 1994, unless otherwise specified in law, an audit report for a program audit will follow the reporting standards contained in the "Reporting Standards for Performance Audits" section of "Government Auditing Standards" (Rev. 1988) by the Comptroller General of the United States, United States General Accounting Office.
- .115 Beginning January 1, 1994, unless otherwise specified in law, an audit report for a fiscal audit will follow the reporting standards contained in the "Reporting Standards for Financial Audits" section of "Government Auditing Standards" (Rev. 1988) by the Comptroller General of the United States, United States General Accounting Office.

HANDBOOK ENDS HERE

- .116 Noncompliance by the Department with the "Reporting Standards for Performance Audits" and "Reporting Standards for Financial Audits" sections of "Government Auditing Standards" (Rev. 1988) by the Comptroller General of the United States, United States General Accounting Office, shall not preclude or bar the Department from sustaining or collecting actual overpayments, or otherwise invalidate an audit report.
- .12 Statement of Disputed Audit Findings
 - .121 A group home provider/foster family agency may request an administrative review of an audit report to examine any disputed audit finding which results in an adjustment to the group home provider/foster family agency's rate for a previous audit period or that reduces the group home provider's overall RCL point total or foster family agency reimbursement for a previous audit period by submitting a written request ("Statement of Disputed Audit Findings") to the Department, as follows:
 - (a) A Statement of Disputed Audit Findings shall be filed with the Department within 60 calendar days of the receipt of the audit report.
 - (b) The Statement of Disputed Audit Findings may be amended by the group home provider/foster family agency at any time during the 60 calendar day period.
 - .122 If a Statement of Disputed Audit Findings is not filed with the Department within the 60 calendar day period, the audit report will be deemed final unless the following requirements are met:
 - (a) A group home provider/foster family agency files a request for a good cause determination under Section 11-402.371 on or before the 50th calendar day period following the receipt of the audit report.

11-430	AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES	11-430
---------------	--	---------------

(Continued)

- (b) The Department makes a good cause determination in accordance with Section 11-402.372.
- .123 The Statement of Disputed Audit Findings shall be in writing, signed by the group home provider/foster family agency, and shall state the name, address and telephone number of the group home provider/foster family agency and of the agent, if any agent has been designated, and the date of signing of the Statement. A group home provider/foster family agency shall specify the name and address of the individual authorized on behalf of the group home provider/foster family agency to receive documents from the hearing officer or Administrative Law Judge, including the final decision of the Director, relating to the administrative review.
- .124 The Statement of Disputed Audit Findings shall be specific as to each audit finding in dispute, setting forth the group home provider/foster family agency's contention as to each disputed audit finding, the authority for each contention and the estimated amount or RCL point value for each disputed audit finding. The group home provider/foster family agency or the agent shall submit all supporting documentation relevant to the administrative review which may include the records maintained pursuant to Sections 11-402.521 through 11-402.523, payroll files and any other supporting documentation.
- .125 A Statement of Disputed Audit Findings shall only address specific audit findings contained in the audit report. Other issues, including but not limited to the authority of the Department to set rates, determine RCL points, conduct audits or collect overpayments, shall not be included in the Statement of Disputed Audit Findings for purposes of resolution in the administrative review.
- .126 If an informal hearing officer determines that a Statement of Disputed Audit Findings is not specific as to each audit finding in dispute, or that necessary supporting documentation is not included with the Statement of Disputed Audit Findings, the hearing officer shall notify the group home provider/foster family agency or the agent of the group home provider/foster family agency of the insufficiency. The group home provider/foster family agency or the agent shall be granted 30 calendar days after the date of the mailing of the notice of insufficiency within which to file an amended Statement of Disputed Audit Findings or supply the necessary supporting documentation. If within the time permitted the group home provider/foster family agency or the agent fails to correct the insufficiency by amending or supplementing the Statement of Disputed Audit Findings as specified in the notice of insufficiency, the dispute as to those audit findings shall be denied.

11-430	AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES	11-430
---------------	--	---------------

(Continued)

- .127 A group home provider/foster family agency may appeal a determination by the Department that a Statement of Disputed Audit Findings has not been filed on a timely basis. An "Order to Show Cause" hearing solely on the timeliness issue shall be held before an Administrative Law Judge pursuant to Section 11-430.5. The remedy for a group home provider/foster family agency in an "Order to Show Cause" hearing shall be limited to the filing of a timely Statement of Disputed Audit Findings pursuant to Section 11-430.12.
- .13 Amended Audit Report
- .131 An amended audit report may be issued by the Department for an audit period for which administrative review is pending if during the administrative review process the group home provider/foster family agency or its agent submits additional supporting documentation or other evidence that was not reviewed by the auditors at the time of the field audit.
- .132 The informal hearing officer or Administrative Law Judge shall suspend the administrative review for a period not exceeding 120 days while the Department completes an amended audit report and the group home provider/foster family agency identifies any additional disputed audit findings contained in the amended audit report.
- .133 After completion of an amended audit report by the Department, the group home provider/foster family agency may include any additional disputed audit findings in a pending administrative review by submitting an amended Statement of Disputed Audit Findings and necessary supporting documentation to the informal hearing officer or Administrative Law Judge.
- .134 The informal hearing officer or Administrative Law Judge may dismiss the administrative review without prejudice to the right to request a subsequent administrative review under this article when he or she deems this course to be appropriate.
- .14 Informal Hearing
- .141 An informal hearing on the audit findings disputed by the group home provider/foster family agency in the Statement of Disputed Audit Findings shall be scheduled within 30 days of receipt of the Statement of Disputed Audit Findings. An informal hearing officer designated by the Department, but not reporting directly to the Foster Care Branch, shall preside at the informal hearing.

11-430	AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES	11-430
---------------	--	---------------

(Continued)

- .142 Written notice of the time and place of informal hearing will be mailed to each party by the informal hearing officer at least 15 calendar days before the date of the hearing. This period may be shortened with the consent of the parties. Any party may waive notice.
 - .143 Efforts shall be made to resolve the facts and issues in dispute in a fair and equitable manner, subject to the requirements of state and federal law. Disputed audit findings contained in the Statement of Disputed Audit Findings which are not discussed at the informal hearing shall not be deemed waived.
 - .144 The informal hearing shall be electronically recorded unless the parties agree otherwise. The official record of the informal hearing shall include the electronic recording and all documents received for review by the informal hearing officer.
 - .145 Unless otherwise agreed by the parties, the results of the informal hearing shall be served on the parties, within a reasonable time, in the form of a written Report of Findings.
 - .146 The Report of Findings shall be considered final unless the group home provider/foster family agency submits a written Request for Formal Hearing in accordance with Section 11-430.15.
- .15 Request For Formal Hearing
- .151 Either party to an informal hearing may request a formal hearing by filing a Request for Formal Hearing within 30 calendar days of the issuance of the Report of Findings by the informal hearing officer.
 - .152 The Request for Formal Hearing shall be in writing, signed by the group home provider/foster family agency or the authorized agent, or by an authorized representative of the Department, and shall state the name, address and telephone number of the requestor and the date of signing of the request. If a group home provider/foster family agency or its agent is the requestor, it shall specify the name and address of the individual authorized on behalf of the group home provider/foster family agency to receive all documents, including the final decision of the Director, relating to the formal hearing.

11-430	AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES	11-430
---------------	--	---------------

(Continued)

- .153 The Request for Formal Hearing shall specify whether the requesting party is requesting an oral administrative hearing or an administrative hearing based upon the official record developed in accordance with Section 11-430.144 without the taking of oral testimony or oral argument.
- .154 The Request for Formal Hearing shall include a copy of the Statement of Disputed Issues filed pursuant to Section 11-430.12 and the Report of Findings issued by the informal hearing officer. The Request for Formal Hearing shall be specific as to each audit finding which remains in dispute, setting forth the requestor's contention as to each disputed audit finding, the authority for each contention and the estimated amount or RCL point value for each disputed audit finding. The party filing the Request for Formal Hearing shall submit all supporting documentation relevant to the administrative review which may include the records maintained pursuant to Sections 11-402.521 through 11-402.523, payroll files and any other supporting documentation.
- .155 A Request for Formal Hearing shall be submitted, via personal delivery or certified mail, domestic receipt requested, to the office and address specified in the informal hearing officer's Report of Findings or the transmittal letter included with the Report of Findings. At the same time, a copy of the Request for Formal Hearing shall be mailed, via certified mail, domestic receipt requested, to the opposing party.
- .16 Request For Settlement Conference
 - .161 Either party to a formal hearing may request that a settlement conference be held by submitting a request to the Administrative Law Judge. If the Administrative Law Judge determines that a settlement conference is appropriate, it shall be scheduled and held as soon as reasonably possible. The Administrative Law Judge shall provide written notice of the date, time, and place of the settlement conference which shall be mailed to each party at least 10 days before the date of the conference. This period may be shortened with the consent of the parties. Any party may waive notice. Efforts shall be made to resolve the facts and issues in dispute in a fair and equitable manner, subject to the requirements of state and federal law.
 - .162 A formal hearing may be converted into a settlement conference if the parties mutually agree, or if the Administrative Law Judge otherwise deems it appropriate. In such cases, any applicable deadlines for the completion of the administrative review shall be extended as required.
- .17 Response Documents and Administrative Record

11-430	AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES	11-430
	(Continued)	

- .171 Within 60 days of receipt of a Request for Formal Hearing, the opposing party may submit a Response. A Response shall be specific as to each audit finding which remains in dispute, setting forth the opposing party's response to the requestor's contention as to each disputed audit finding, the authority for each response and the estimated amount or RCL point value for each disputed audit finding. A Response shall be submitted via personal delivery or certified mail, domestic receipt requested, to the address specified in the informal hearing officer's Report of Findings or the transmittal letter included with the Report of Findings. At the same time, the opposing party shall mail a copy via certified mail, domestic receipt requested, to the requestor or its authorized agent. The Administrative Law Judge may allow at a party's request, or from his/her own motion, additional information or argument from any party. The other party shall be provided a reasonable opportunity, as determined by the Administrative Law Judge, to respond to such additional submission.
- .172 The administrative record shall include the documents specified in Sections 11-430.12, 11-430.15, and 11-430.171, all applicable laws, regulations and procedures, and those matters of which the Administrative Law Judge takes official notice. When an oral formal hearing is conducted, evidence received at that hearing will also be included in the administrative record.
- .173 When a formal hearing is to be conducted based on the record without an oral hearing, the administrative record will be closed and the parties notified when the Administrative Law Judge determines that the record is complete. The Administrative Law Judge shall conclude a formal hearing based upon the written record within 180 days after filing the Request for Formal Hearing.
- .18 Conduct A Formal Hearing
 - .181 When an oral administrative hearing has been requested or determined by the Administrative Law Judge to be appropriate, the hearing shall be conducted in accordance with Sections 11-430.44 through 11-430.74. The formal administrative hearing shall follow the procedures specified in Sections 11-430.5 through 11-430.74.
- .19 Procedures for Provisional Rate Audits
 - .191 Provisional rate audits conducted in accordance with Welfare and Institutions Code Section 11462(e)(1) which result in a rate reduction may be appealed only in a formal administrative hearing.
 - .192 The exit conference and audit report procedures specified in MPP Section 11-430.11 shall apply to provisional rate audits. Section 11-430.112 does not apply.

11-430	AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES	11-430
---------------	--	---------------

(Continued)

- .193 Provisional rate audit findings may be protested by filing a request for hearing which meets the requirements for a Statement of Disputed Audit Findings described in MPP Section 11-430.12, with the following differences:
- (a) The request for hearing shall be filed no later than 30 days after the date the Department issues its RCL determination. The date of issuance shall be the date the audit report is mailed to the group home provider.
 - (b) The request for hearing and Statement of Disputed Audit Findings shall be submitted via personal delivery or certified mail, return receipt requested, to the office of hearings specified in the audit report. At the same time, a copy of the request for hearing shall be mailed via certified mail, return receipt requested, to the Department.
 - (c) The Department shall not consider any documents relevant to the determination of the audited program's RCL which are not made available by the date the group home provider requests a hearing unless the provider qualifies for an exception set forth in MPP Section 11-402.521(d).
 - (d) If a request for hearing is not filed within the 30-day period provided, the Department's RCL determination shall be final.
 - (e) Section 11-430.126 shall not apply.
- .194 Provisional Rate Audit Hearings
- (a) The Department shall conduct a hearing on the RCL determination within 60 days of receipt of the request for hearing.
 - (b) The standard of proof shall be the preponderance of the evidence. The burden of proof shall be on the Department to support its determination of the audited program's RCL.
 - (c) The administrative record shall include the supporting documentation submitted with the request for hearing, the Department's written response to the appeal, the Department's exhibits, all applicable laws, regulations and procedures, and those matters of which the hearing officer takes judicial notice. When an oral formal hearing is conducted, evidence received at that hearing will also be included in the administrative record.
 - (d) The hearing shall be conducted in accordance with Sections 11-430.5 through 11-430.69.

11-430	AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES	11-430
---------------	--	---------------

(Continued)

- (e) The hearing officer shall issue the proposed decision within 45 days of the close of the evidentiary record.
 - (f) The Director shall adopt, reject, or modify the proposed decision or refer the matter back to the hearing officer for additional evidence or findings within 100 days of the issuance of the proposed decision. If the Director takes no action on the proposed decision within the prescribed time, the proposed decision shall take effect by operation of law.
- .2 Administrative review procedures for foster family agencies rate setting procedures and AFDC-FC rate setting procedures shall include protest proceedings and appeal proceedings.
- .3 Protest Proceedings
 - .31 A protest proceeding shall be available for group home providers/foster family agencies which disagree with the set rate and which request a different rate.
 - .32 A written protest shall be filed with the Department within 60 days from the date of the mailing of the notification of a set rate. The written protest shall include the following:
 - .321 The name, telephone number, signature, and date of signing of the protest of the group home provider/foster family agency or of the person representing the group home provider/foster family agency;
 - .322 Name and address of the group home provider/foster family agency and the program number;
 - .323 Reason for the protest; and
 - .324 Full supporting documentation relevant to the resolution of the protest which may include, but is not limited to the following:
 - (a) The records maintained pursuant to Sections 11-402.521 through .523.

11-430	AFDC-FOSTER CARE ADMINISTRATIVE REVIEW PROCEDURES	11-430
	(Continued)	

HANDBOOK BEGINS HERE

- (1) Personnel records, which include, but are not limited to:
 - (A) Current licenses; diplomas; copies of official transcripts if major shown on diploma is other than those listed as an equivalent for the appropriate program component; or diploma is from a non-accredited school; dated applications for employment and/or resumes; time sheets; salary schedules showing hours and amount paid; employee benefits; contracts; training and development documents; job descriptions (including position title and classification, duties and responsibilities); and group home organization charts.
- (2) Case management records, which include but are not limited to:
 - (A) Treatment plan; psychological evaluations/reports; medical evaluations/releases; mental health professional billings including Medi-Cal billings; education evaluations/information; correspondence; dictation and documentation of services provided; court orders; quarterly reports/program reports; information required by licensing regulations under Title 22; verification from the placement agency required in Section 11-402.411(a)(7); including copies of the certifications and/or assessments specified in Section 11-400a.(2) and Sections 11-402.181(b) and .181(c) for children placed in a group home program classified at RCL 13 or RCL 14; copies of the program certification specified in Section 11-400c.(2) and Section 11-402.181(c) for group home programs classified at RCL 13 or RCL 14; and all RCL significant information pertaining to a client shall be included in the client's record; and mental health professional's daily logs and notes, including information pertaining to day treatment programs, which verify that services were provided to children in placement.
- (3) Training program records which document all the information in the training log such as:

HANDBOOK CONTINUES
